



How will you reframe your future?

Economic Outlook Forum 2023 -
'Recalibrate and Refresh'

January 18, 2023, Hilton Trinidad

The better the question. The better the answer.
The better the world works.

“

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Making a better working world.

Agenda

1. Survey Overview
2. Survey Profile
3. Economic Overview
4. Survey Results and Global Comparatives
5. Recalibrate and Refresh



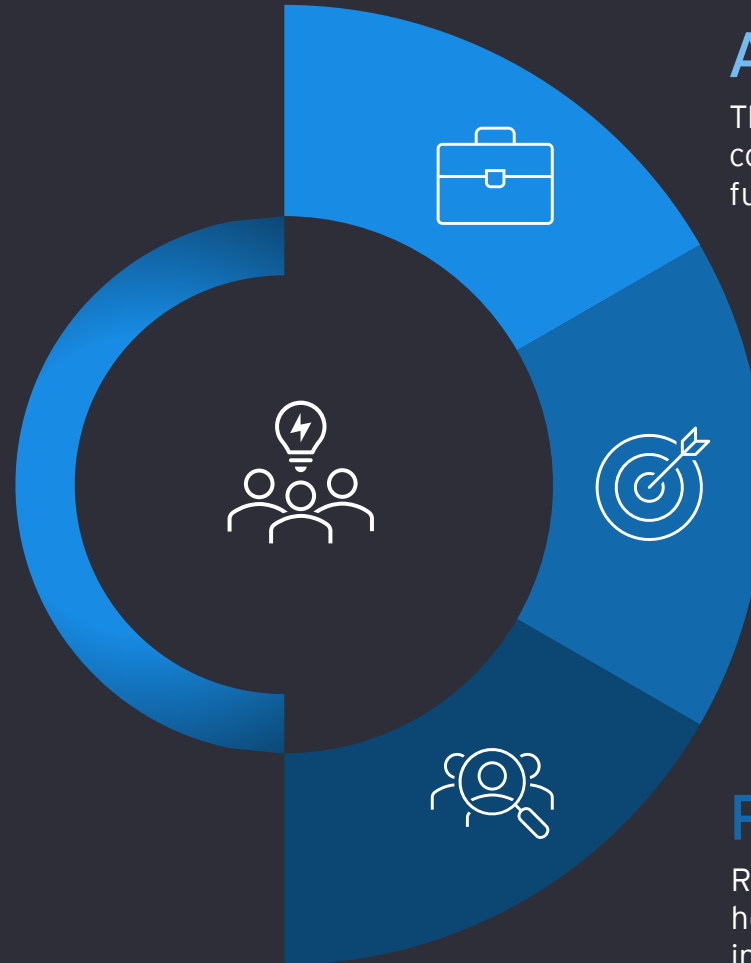


Survey Overview

Survey Overview

PURPOSE

EY collaborated with AMCHAM to conduct a survey, collate and present the results today. EY will be leading this aspect of the conference



ABOUT

This survey was conducted to gather perspectives on how companies are working to recalibrate and refresh for the future given the current business climate

THEMES

1. Confidence and growth in the economy
2. Talent strategy as companies pivot to address today's challenges
3. Corporate strategy as companies focus on growth and transformation
4. Digitalization
5. Other considerations such as ESG and Forex and Supply Chain

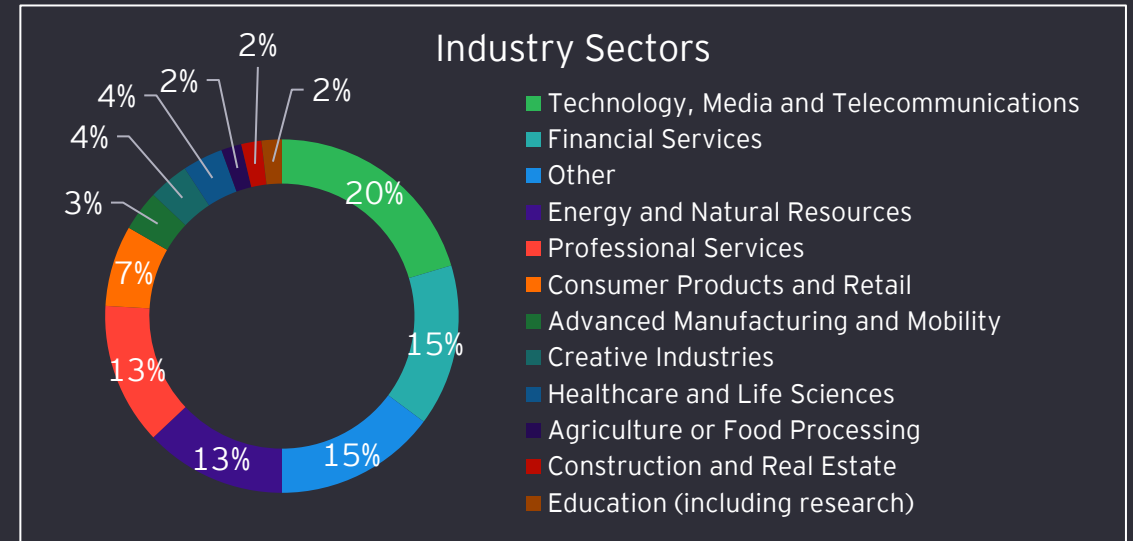
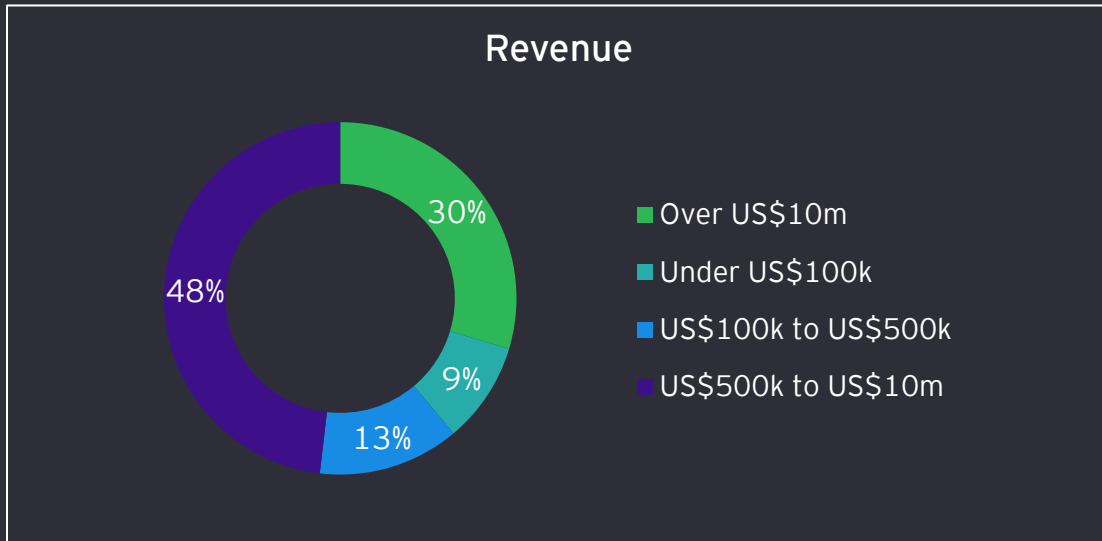
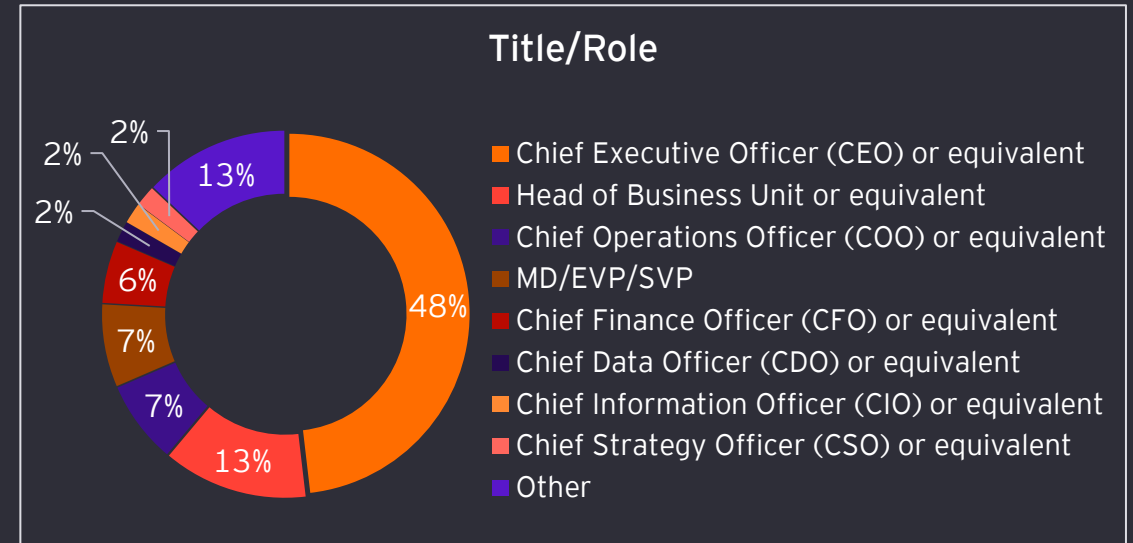
RESPONDENTS

Respondents included C-Suite executives, Business unit heads and Directors from a number of businesses across 11 industries in T&T.



Survey Profile

Survey Profile - Composition of Respondents





Economic Overview

Despite the post-pandemic economic recovery seen in FY22, the local economy is experiencing significant inflation



Macroeconomic Indicators

GDP	2.0% vs -1.2% in FY21	↑
Inflation	6.2% vs 1.2% in FY21	↑
Debt-to-GDP	70% vs 84.8% in FY21	↓
Fiscal Deficit as a % of GDP	1.3% vs 11.51% in FY21	↓
Current Account Surplus as a % of GDP	2.1% vs -7.4% in FY21	↑
Foreign Exchange Reserves (USD)	\$6.8B vs \$7.1B in FY21	↓



Energy Sector

Oil Prices (USD)	\$90 per bbl vs \$68 in FY21	↑
Oil Production	58,687 bopd vs 59,850 bopd in FY21	↓
Henry Hub Gas Price (USD)	\$7.70 per mbtu vs \$3.90 per mbtu in FY21	↑
Gas Production	2,721 mmscf/d vs 2,579 mmscf/d in FY21	↑



Doing Business

S&P Credit Rating	BBB- vs BBB- in FY21	↔
Murder toll	605 vs 448 in FY21	↑
Covid-19 Vaccination Rate	51.2% vs 36.3% in FY21	↑
Covid-19 Death Rate	1420 vs 2742 in FY21	↓
Import Cover	8.5 months vs 8.7 in FY21	↓
Time for customs clearance	11.2 hours vs 23.7 hours in FY19	↓



4 Survey Results and Global Comparatives

Theme 1 - Confidence and Growth



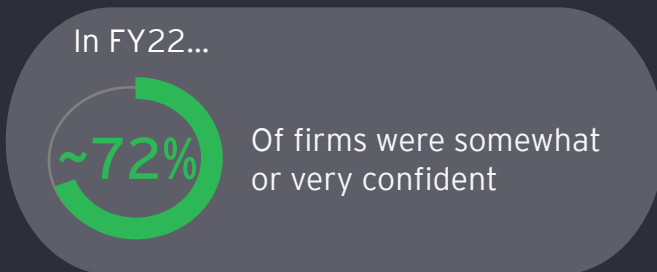
Firms are fairly confident in the 2023 economic outlook, though unclear government policy, tighter margins and supply chain problems pose a threat

1

How confident are you that the local economy will experience growth in 2023?

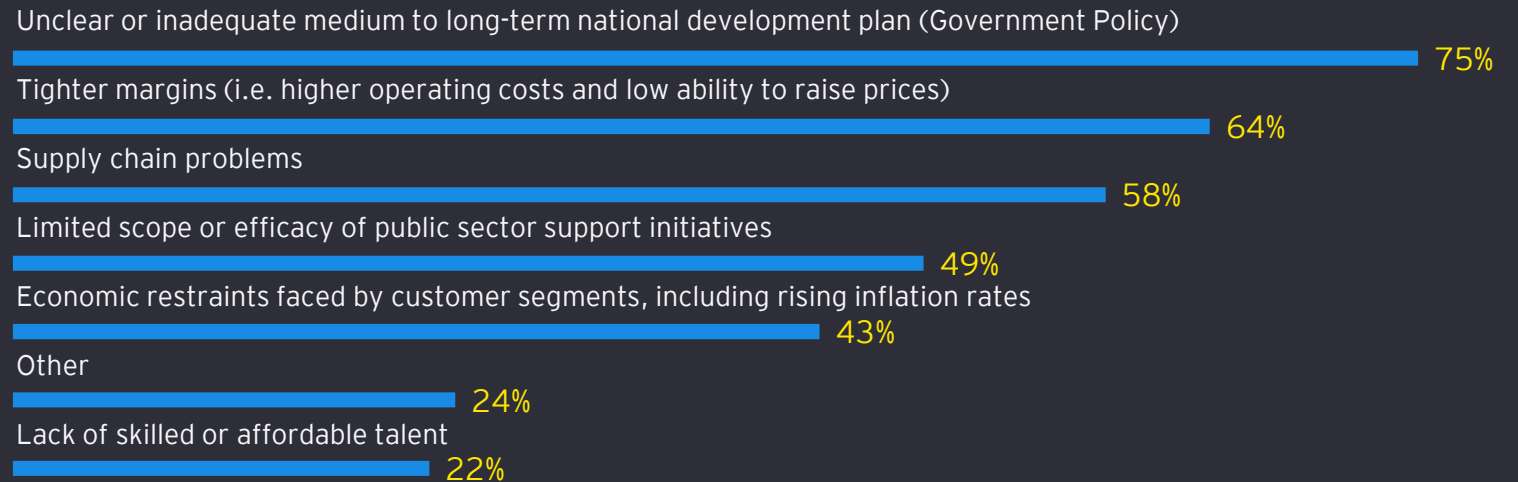


Of firms have some level of confidence



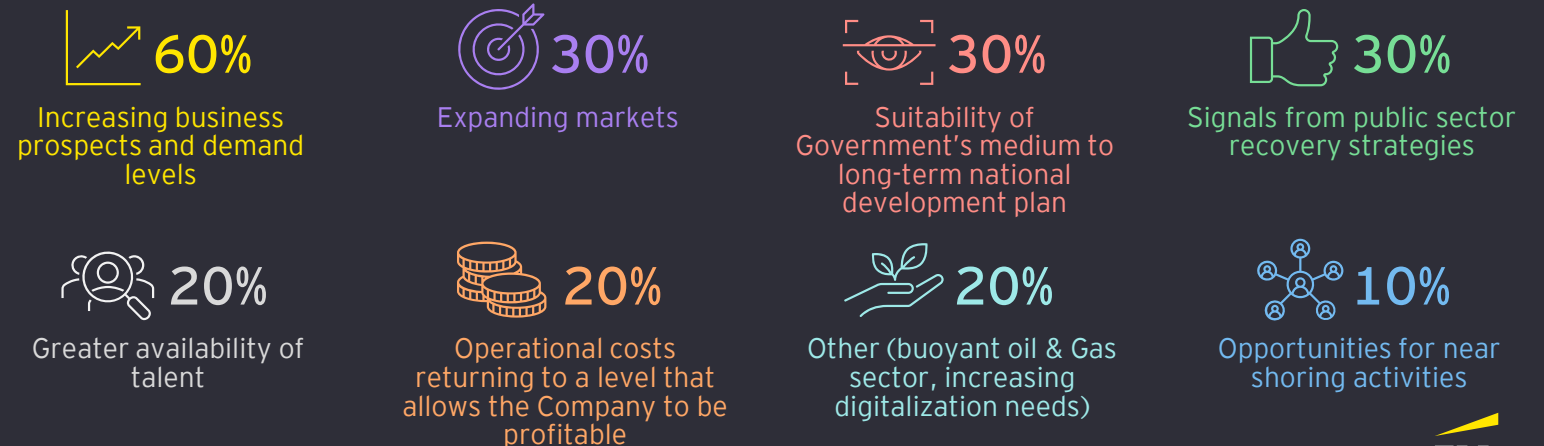
2

If somewhat confident or not confident at all, what are the primary reasons driving you to this conclusion?



3

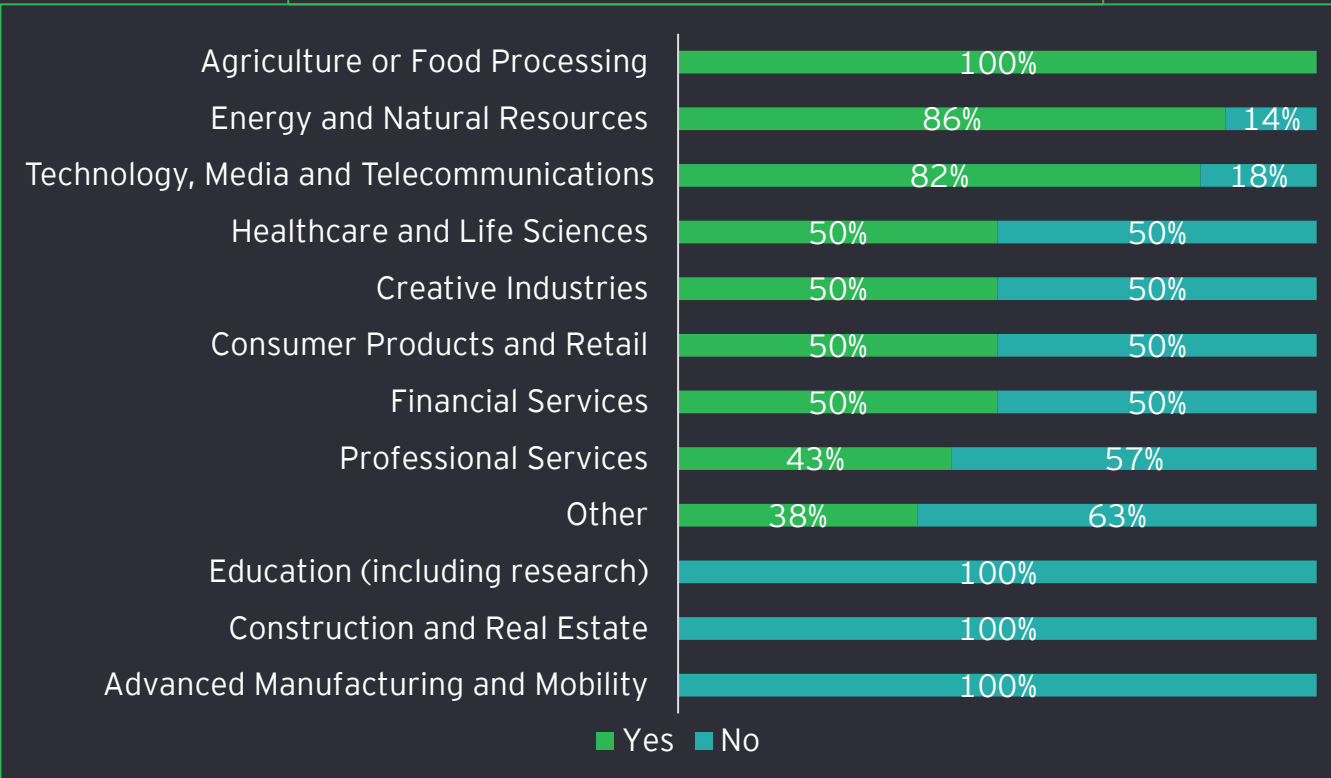
If very confident, what are the primary reasons driving you to this conclusion?



Despite the sentiment that reported inflation rates are too low, companies still expect their industries to grow in 2023

4

Are you confident that in FY23 your specific industry will continue to see growth?



5

Based on the macroeconomic outlook and budget, the inflation rate in Trinidad and Tobago has been reported at 5.9% (Nov 2022). What is your sentiment on this?



71%

feel that this is **too low**, the inflation rates being experienced in the market are much higher



27%

feel that this is an **accurate** reflection of the inflation rates being experienced in the market

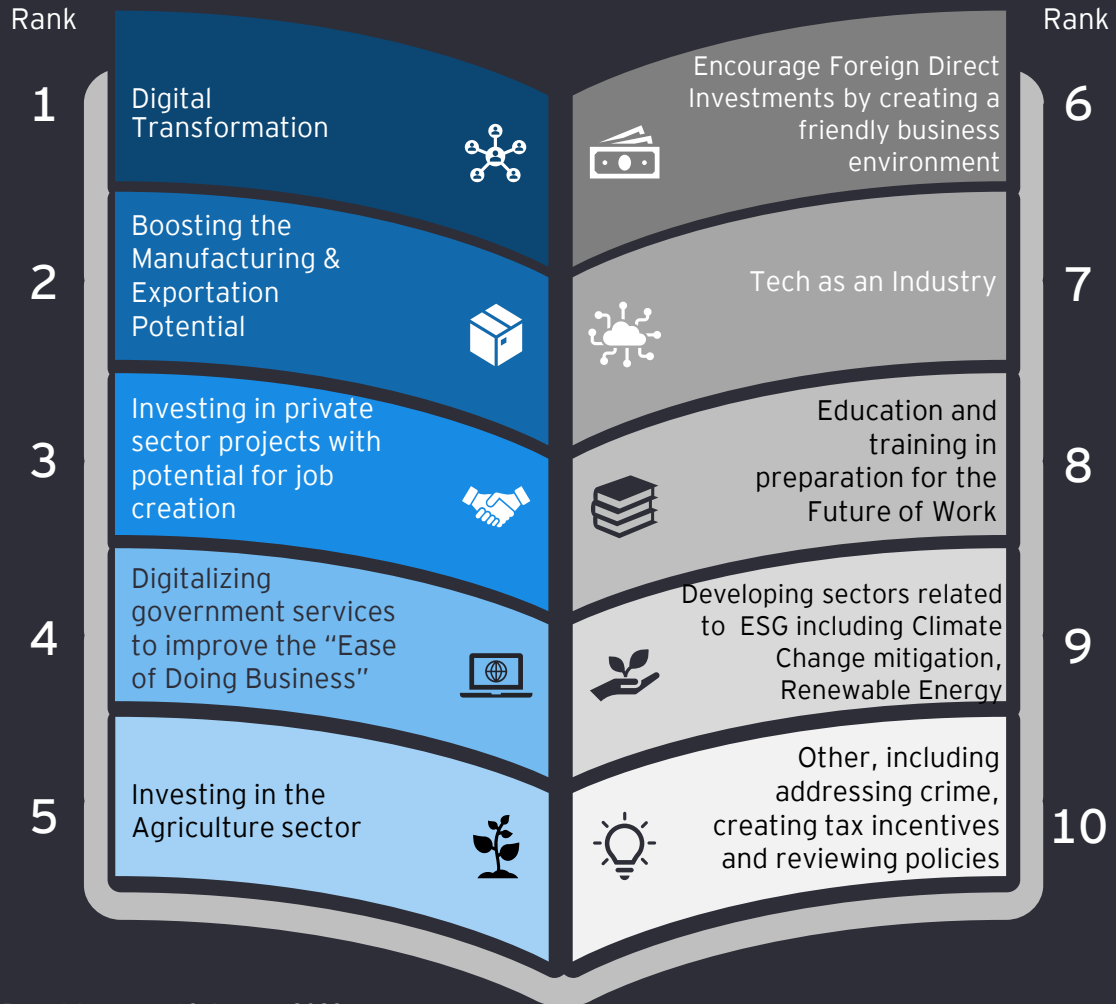


2%

feel that this is **too high**, the inflation rates being experienced in the market are much lower

Companies want the government to focus on digital transformation, while private equity and private-public partnerships are high on private sector's agenda

6 Where should the government focus in order to achieve real economic growth in 2023 and beyond?



7 How can the private sector contribute to real economic growth in 2023?



In FY22...
 Top priorities for public and private sector focus were:



Digitalizing government services to improve the "Ease of Doing Business"



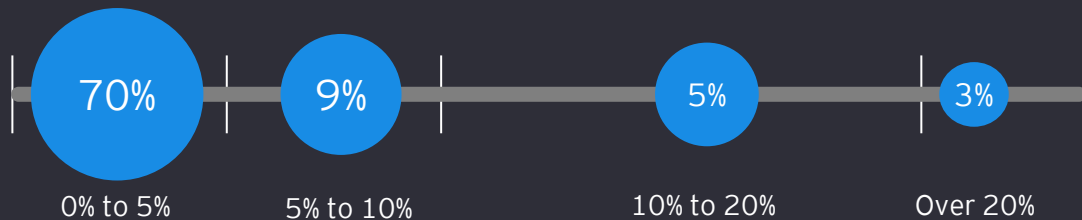
Private-public partnerships

Theme 2 - Talent Strategy



Companies are investing in reskilling existing talent to reposition themselves for success in the current market

8 What proportion of your Company's staff has migrated over the past 5 years, or plan to migrate in the near future?



*Not relevant 9%
*Not sure 4%

10 Within the last year, have you redeployed capital into significant investments, holdings or businesses outside of Trinidad and Tobago?



9 What has been your Company's approach to talent acquisition to mitigate attrition and meet the evolving needs of the business, if relevant?



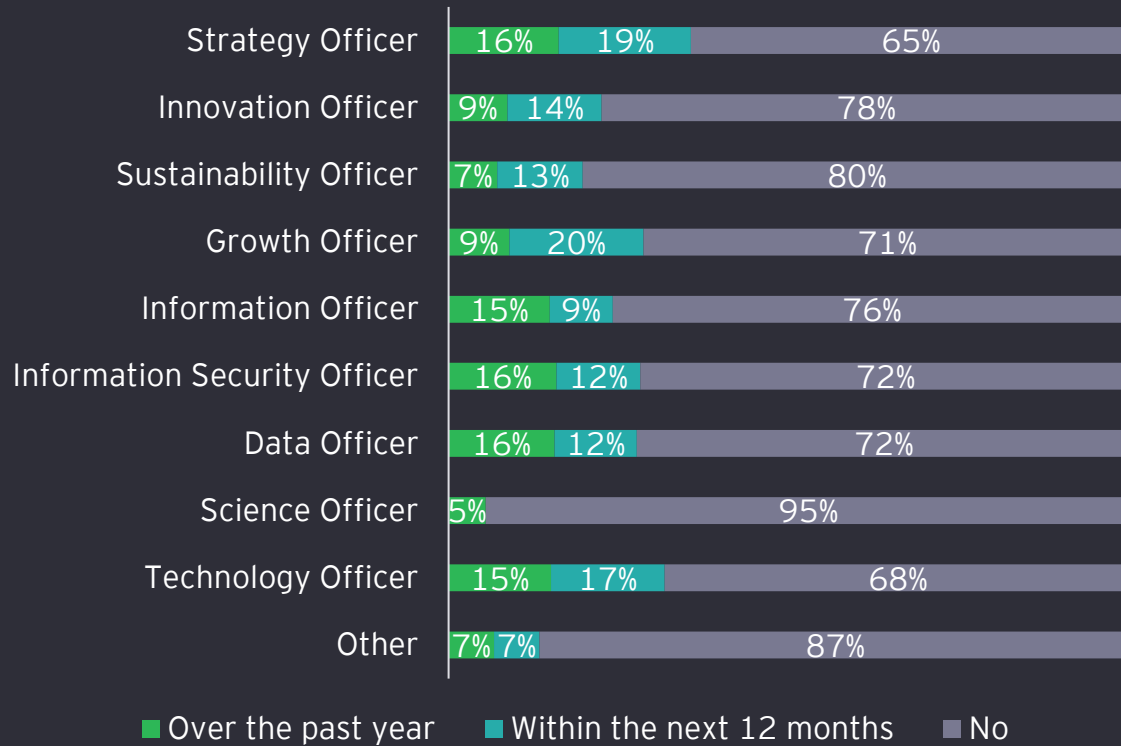
*Not relevant 19%

In FY22... **65%** Of firms ranked 'reskill and retool existing talent' #1

Most firms are not significantly creating new innovation roles

11

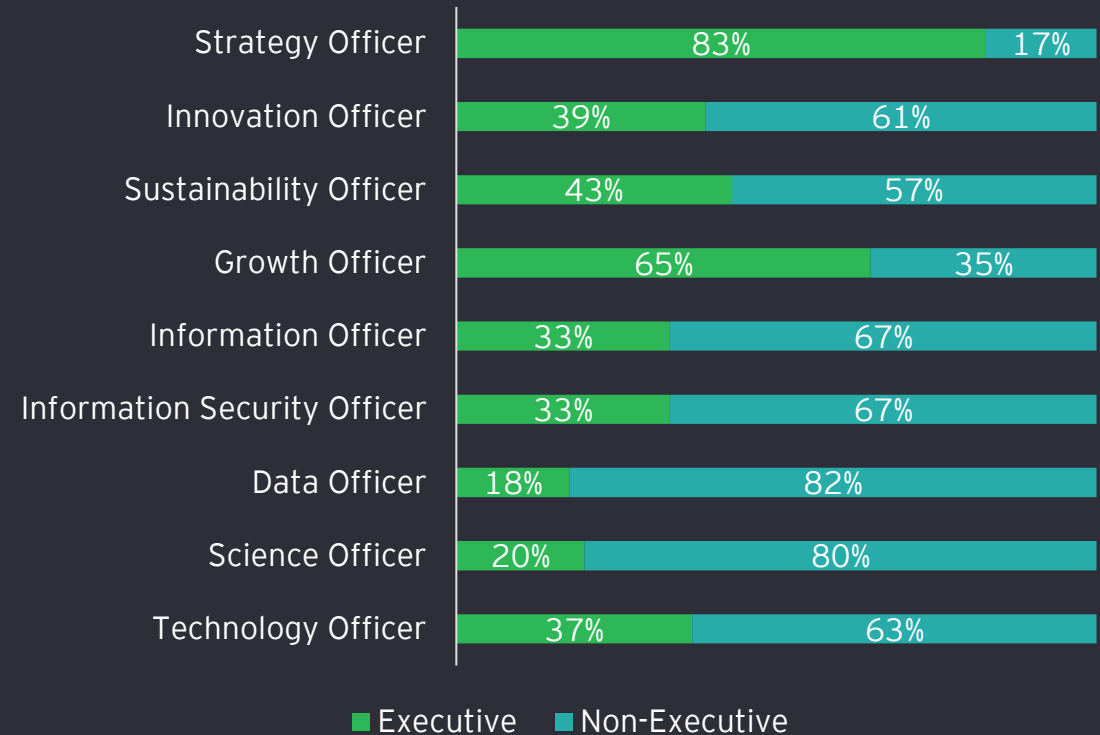
Over the past year, or within the next 12 months, has/does your organization created/intend to create any of the following new roles to centrally drive revised mandates for the organization?



12

Please specify if the personnel added/to be added were/will be at the executive or non-executive level

Of the positions created/ to be created...



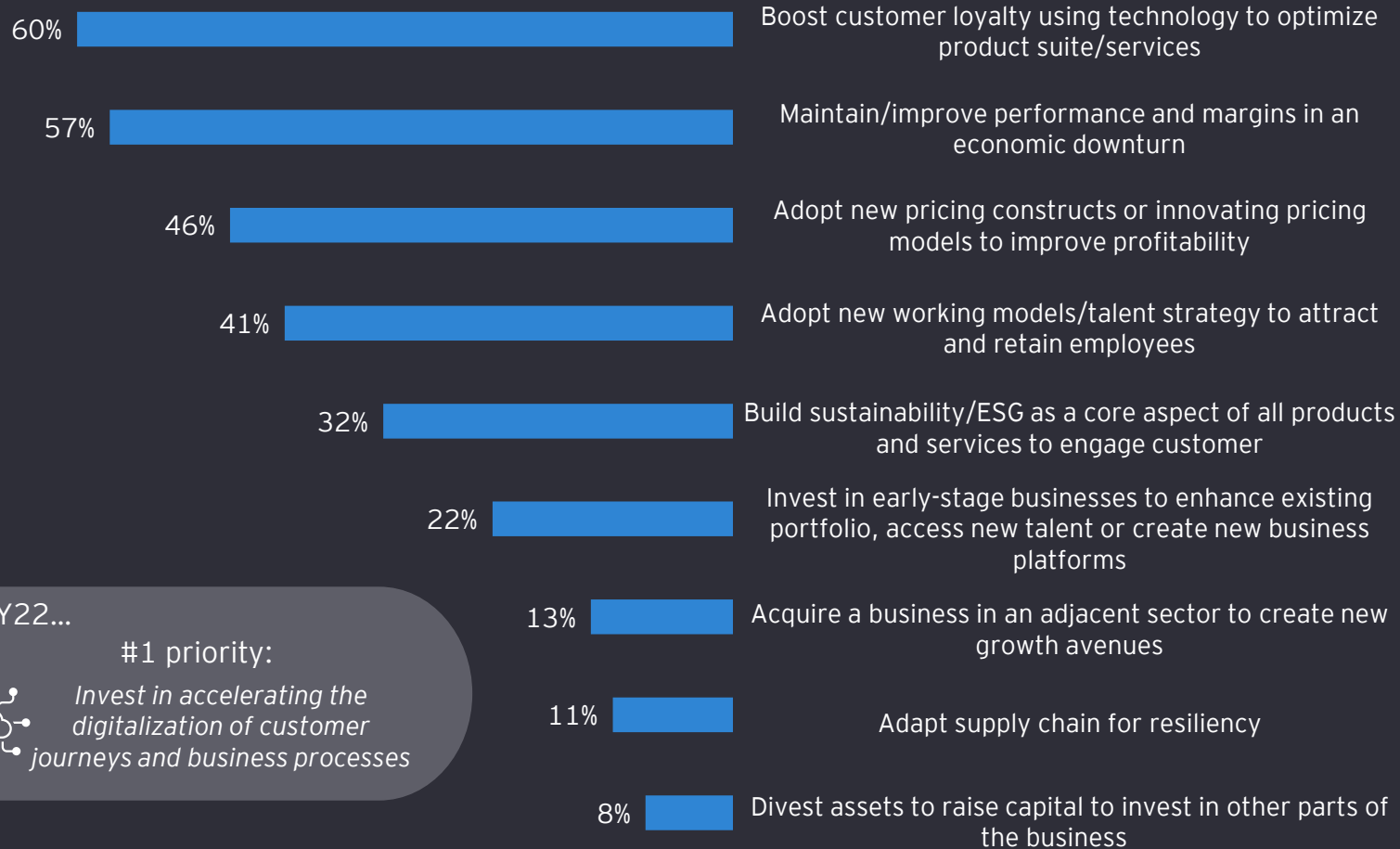
Of respondents are not creating new roles in most cases

Theme 3 - Corporate Strategy



Improving customer loyalty through product offerings and technology initiatives is a top strategic priority

13 Which of the following are the most important strategic actions your company will pursue in the next twelve months?



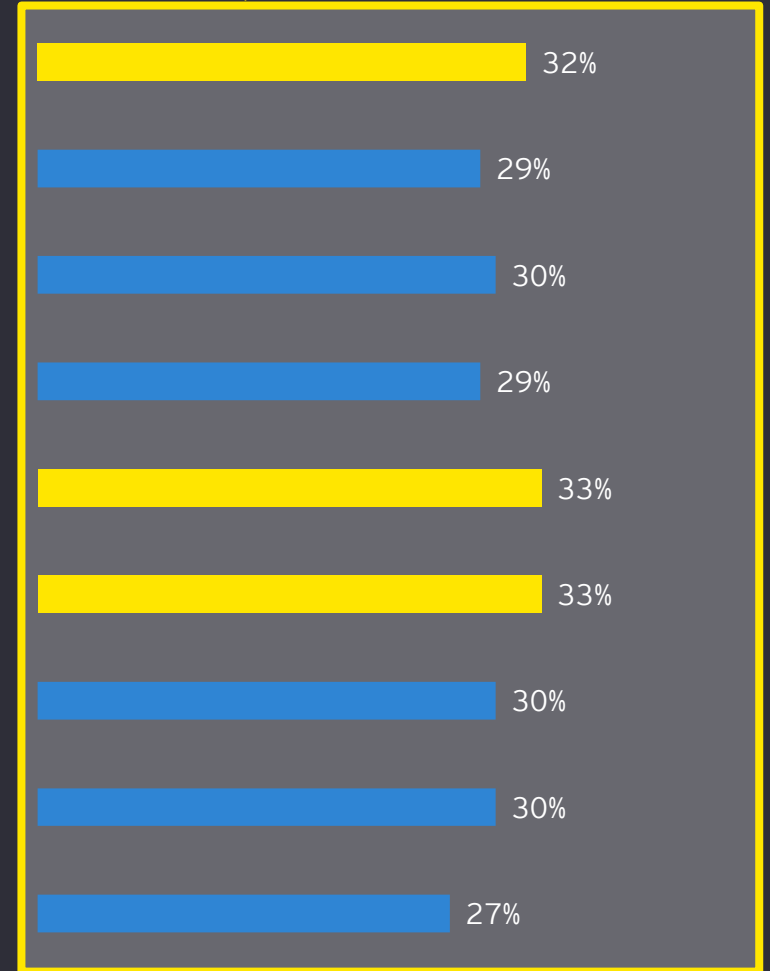
In FY22...

#1 priority:



Invest in accelerating the digitalization of customer journeys and business processes

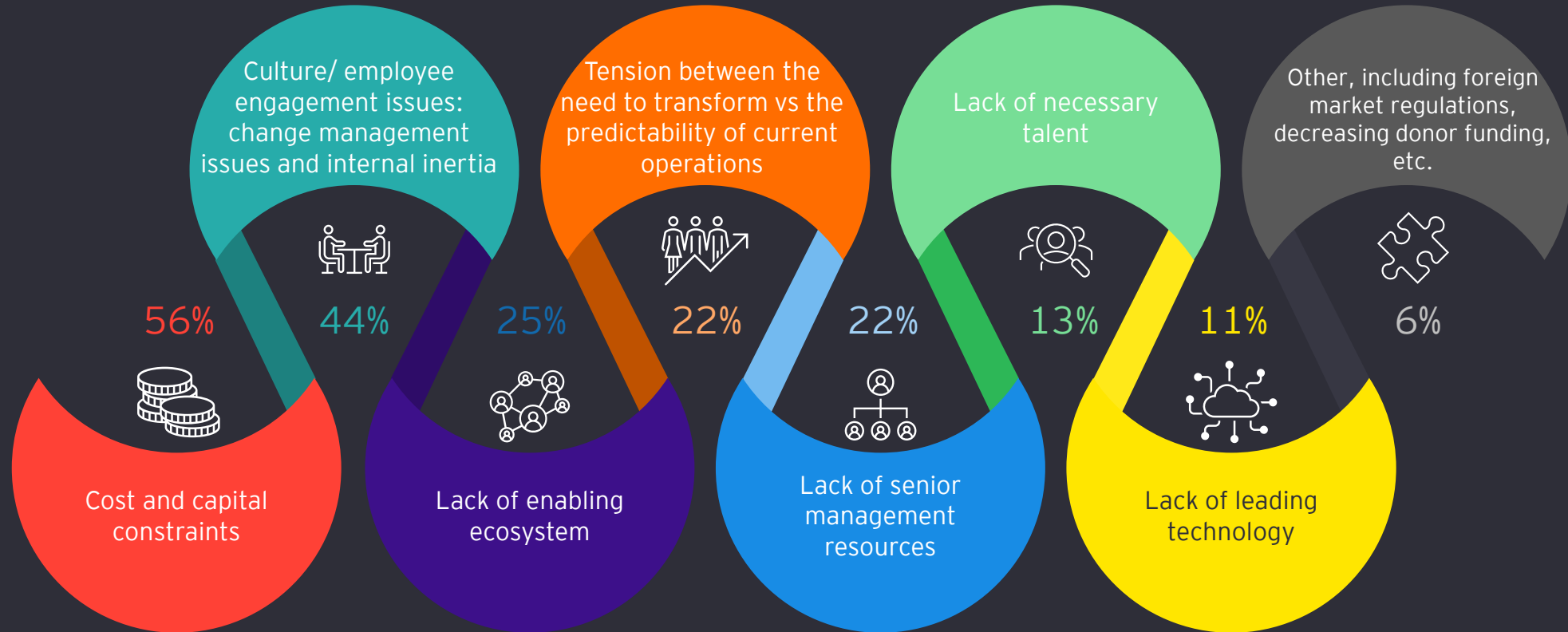
Global Comparison



● Top 3 global CEO responses

Cost and capital constraints pose the largest internal challenge to local organizations, followed by culture and employee engagement issues

14 Which of the following are the top internal challenges to implementing your company's strategy?



In FY22...
58% Of firms listed cost and capital constraints
42% Of firms listed culture/ employee engagement issues

Companies see sustained inflation as the biggest external risk to their growth

15

Which of the following do you consider to be the top two greatest external risks to the growth of your business?

TOP 2



A sustained period of higher input prices and inflation



A continuation/return of pandemic-related disruptions



Uncertain monetary policy direction and an increase in the cost of capital



Scarcity and cost of talent with the right skills to accelerate growth



A further increase in geopolitical tensions



Increasing cybersecurity risks



More restrictive regulatory environment in key markets



A regionalization/fragmentation of the global economy

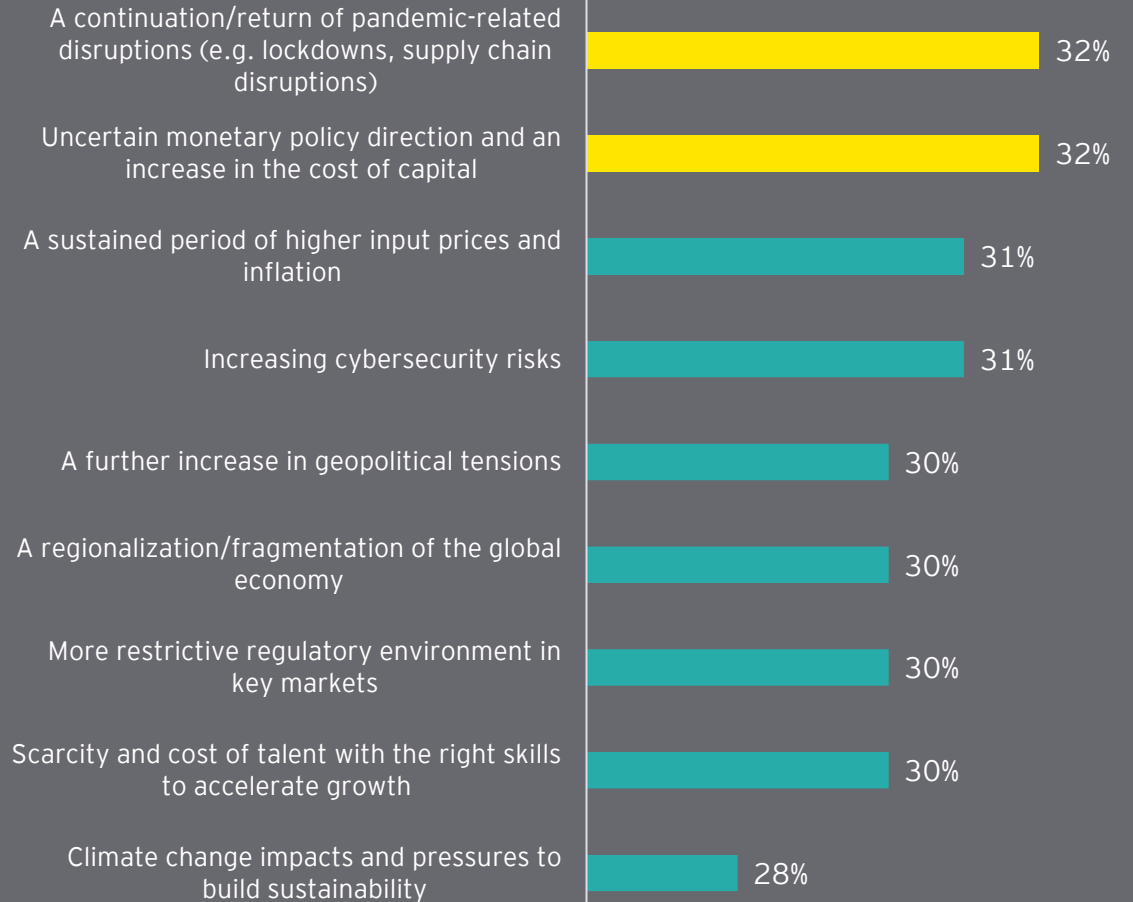


Climate change impacts and pressures to build sustainability



Other, including high crime rates and ForEx limitations

Global perspective



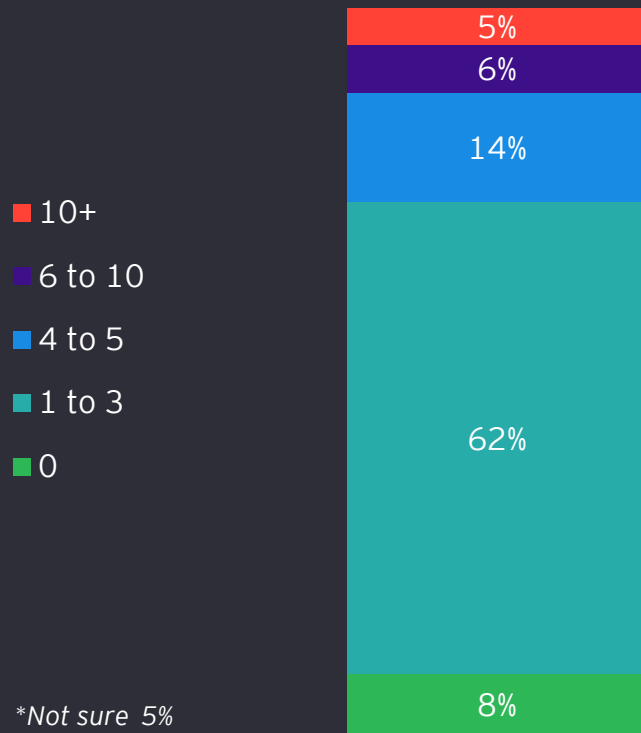
Theme 4 - Digitalization



Investing in digital transformation projects is yielding expected returns in the local market

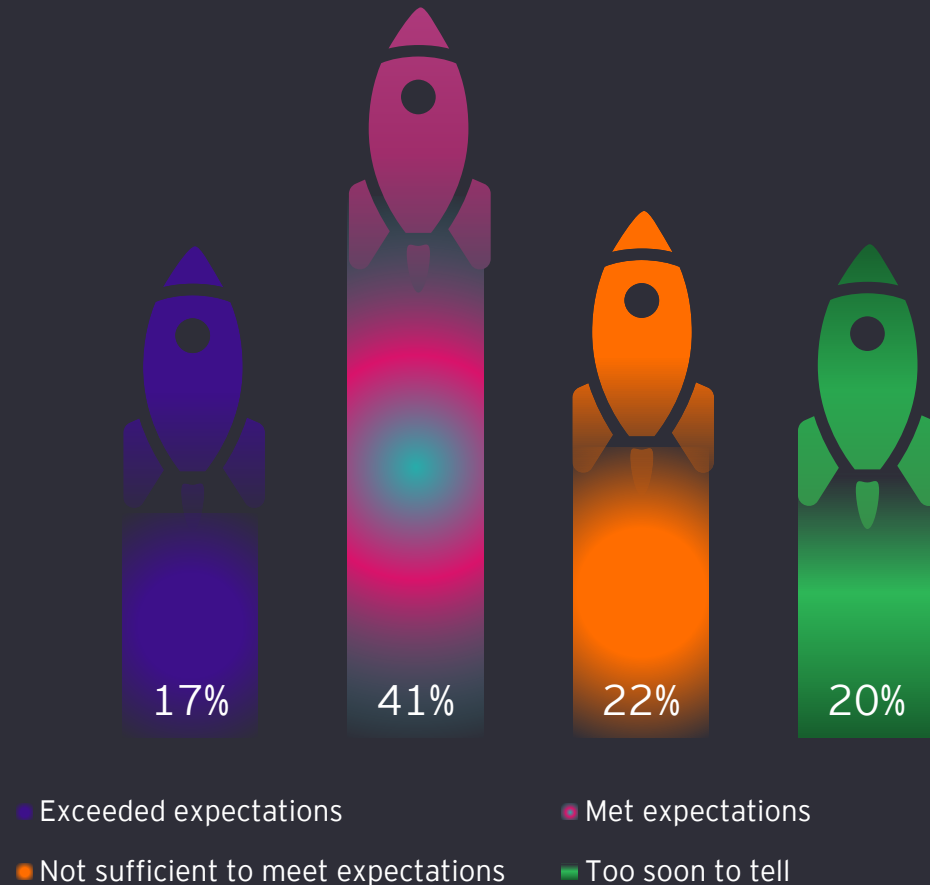
16

The pandemic pushed businesses around the world to accelerate the move to the digital world. In the past 12 months, how many digital transformation projects has your organization embarked on?



17

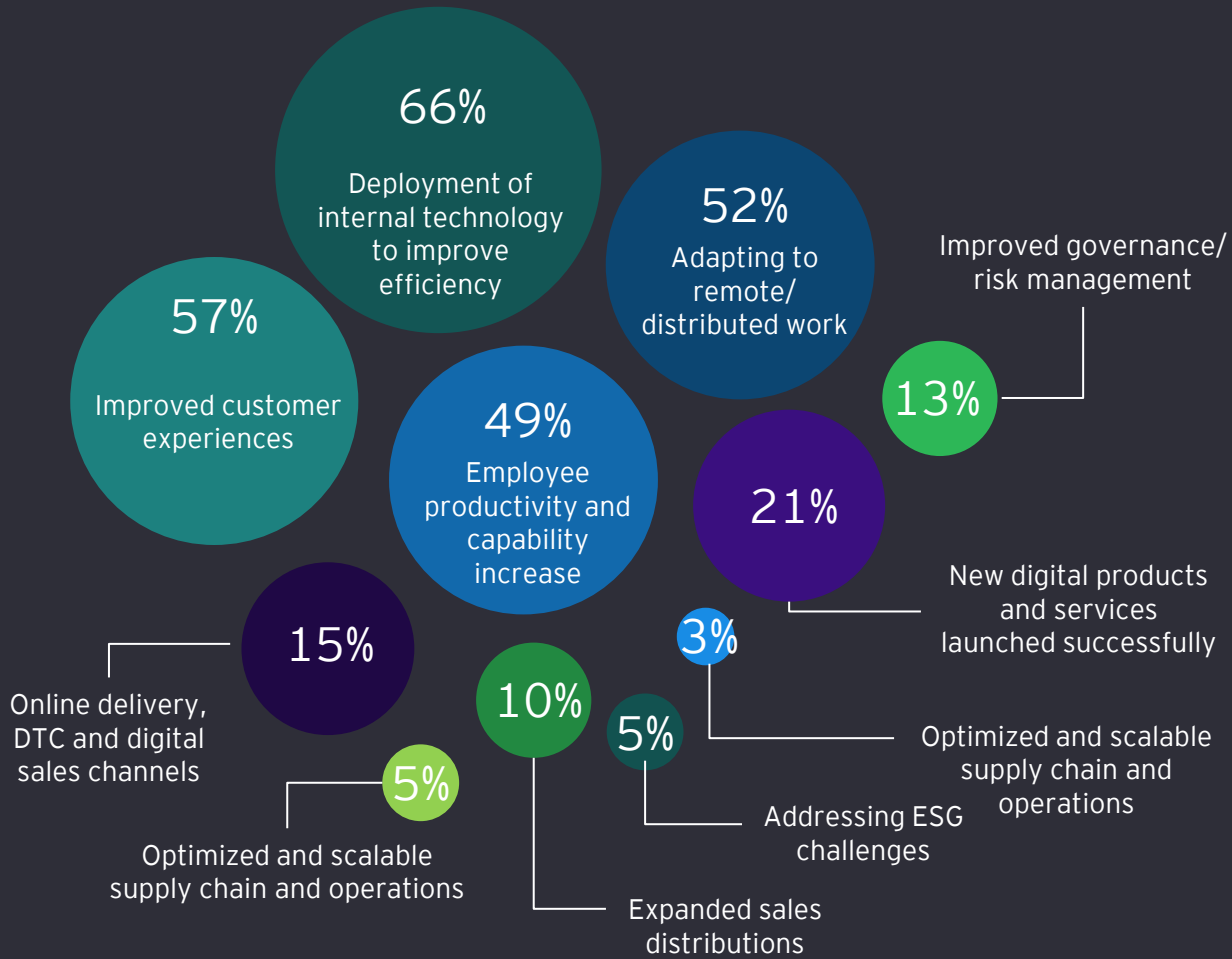
Has the expected impact of your organization's investment in digital technologies and strategies during the pandemic been met?



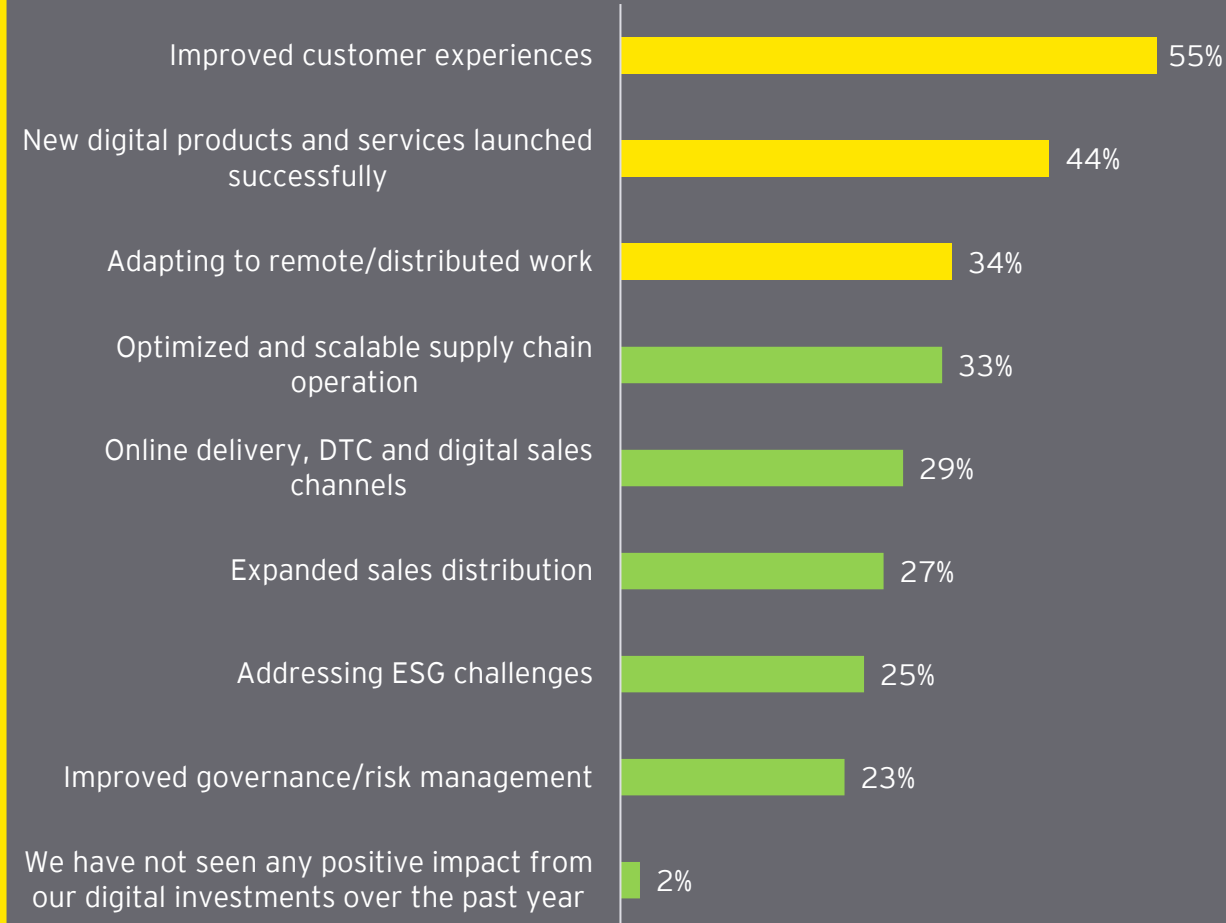
Deploying internal technology for efficiency is driving a major positive impact for local firms

18

What digital strategies are making a positive impact for your organization?



Global perspective



● Top 3 global CEO responses

Companies are investing in cybersecurity, with cloud security and cyber resilience as high priorities

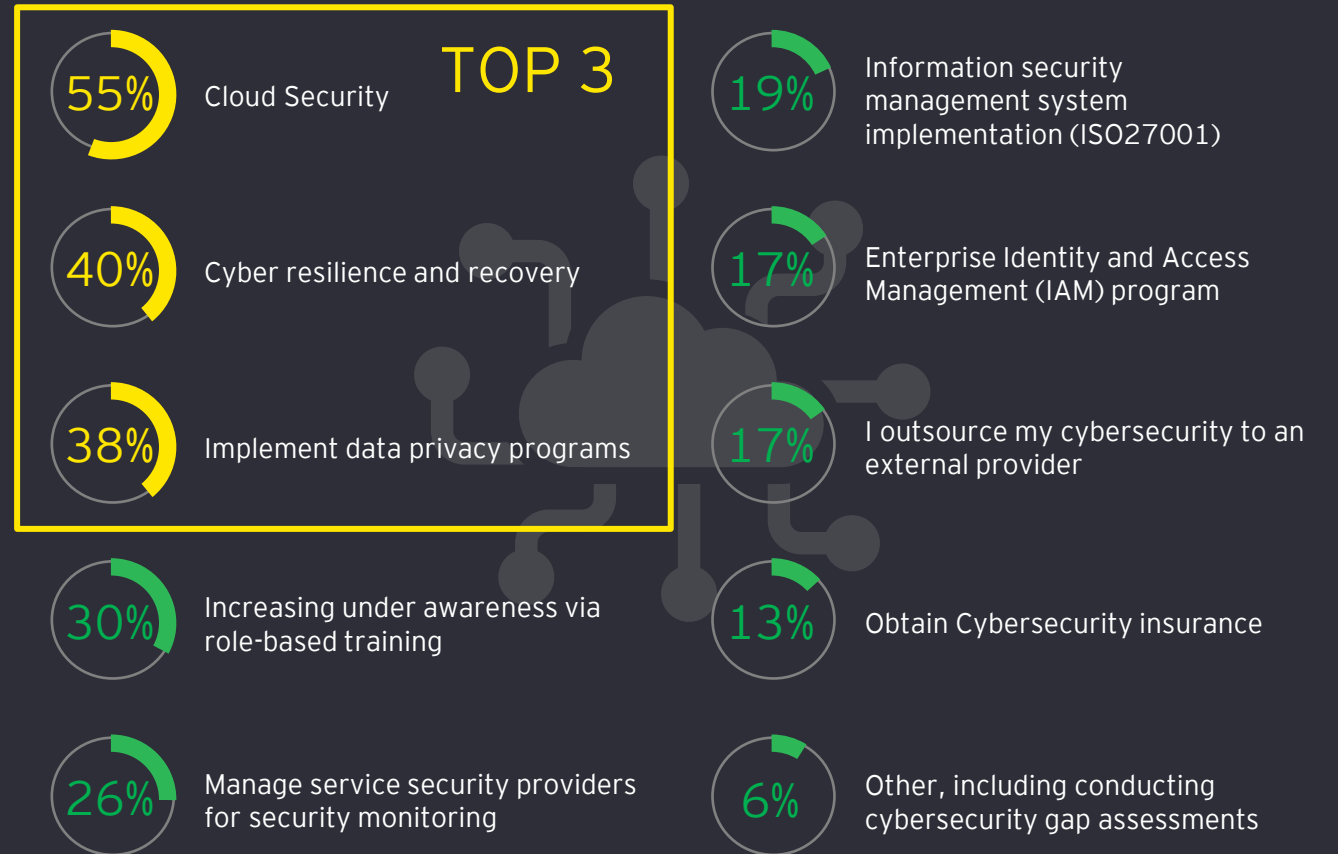
19

In the increasingly digital world, does your organization feel that cybersecurity is a major consideration and should be a major area of investment?



20

If Yes, what strategies or initiatives does your company intend to pursue to strengthen its cybersecurity framework over the coming twelve months?



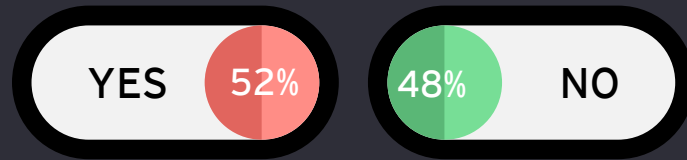
Theme 5 - Other Considerations: ESG, Foreign Exchange, Supply Chain



Inefficient processes are driving increased costs and delays for the private sector

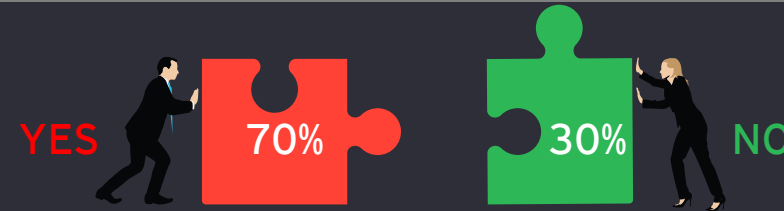
21

Does the existing rule of law negatively impact your company's ability to do business with ease?



22

Does the way in which standard operating procedures (SOPs) implemented across ministries and other governmental agencies challenge your company's ability to do business with ease?



23

If answered yes to questions 21 or 22 above and your operations have been challenged by the existing rule of law and the application of SOPs by ministries and other governmental agencies, please provide specific examples of (1) the challenges experienced and (2) the impact on your operations.

Key themes identified by respondents...

CHALLENGES

Inefficient government processes: bureaucracy, inconsistency and timeliness

Local content laws and procurement requirements

Outdated laws hampering the ease of doing business

Customs clearance times and inconsistent SOPs

Government payment terms inadequate

Lack of process automation

Crime and lack of effective policing

Restricted access to foreign exchange

Lack of enforcement of environmental laws and CEC compliance

IMPACTS

Increased costs, reduced cashflow and costs passed on to consumer

Businesses reliant on ForEx face reduced ability to operate

Delays, reduced ability to deliver to the customer on time and predictably

Difficulty retaining staff

Loss of / reduction in partnerships and business opportunities

Increased investment risk

Only the minority of local firms see ESG as a priority for investment in 2023

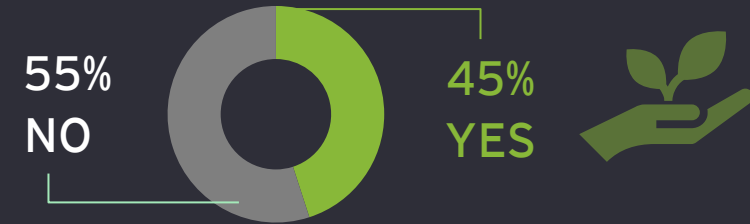
24

Do you agree that societal and environmental changes may critically impact your company, if so, do you see these changes more as an opportunity for growth or as a threat?



25

Has your company implemented any Environmental, Social and Governance (ESG) strategies or initiatives in the past twelve months?



26

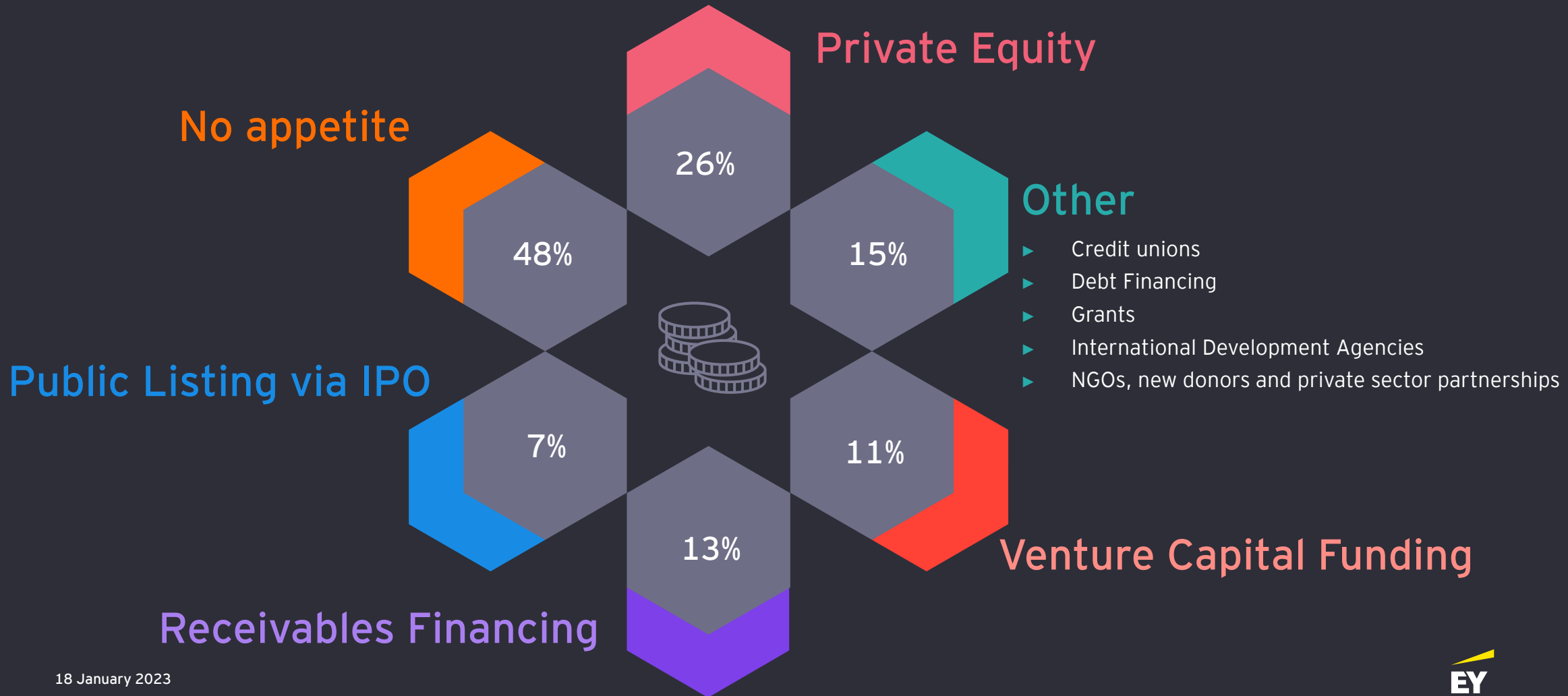
If no, does your company have plans to pursue any ESG strategies or initiatives over the coming twelve months?



A number of local firms are looking to private equity and other sources of non-traditional capital financing

27

Does your organization have an appetite for sourcing capital from other avenues aside from traditional bank financing as listed below?

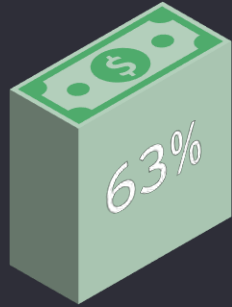


Accessing foreign exchange remains a key challenge for local firms

28

Does your business rely heavily on foreign exchange for its operations?

Yes



No



29

If Yes, has your company experienced an improvement in the accessibility of foreign exchange over the past 12 months?



No change



Obtaining ForEx has become more difficult



Yes, a large improvement



Yes, a small improvement

30

If Yes, how do you source forex to meet your requirements?

Traditional local banking sector



74%

Export revenue from international trade



24%

Forex facilities provided by government entities e.g., EXIMBank



15%

Foreign borrowing



12%

Other

- ForEx based local contracts
- Sales from non-T&T operations



15%

In FY22...

53%

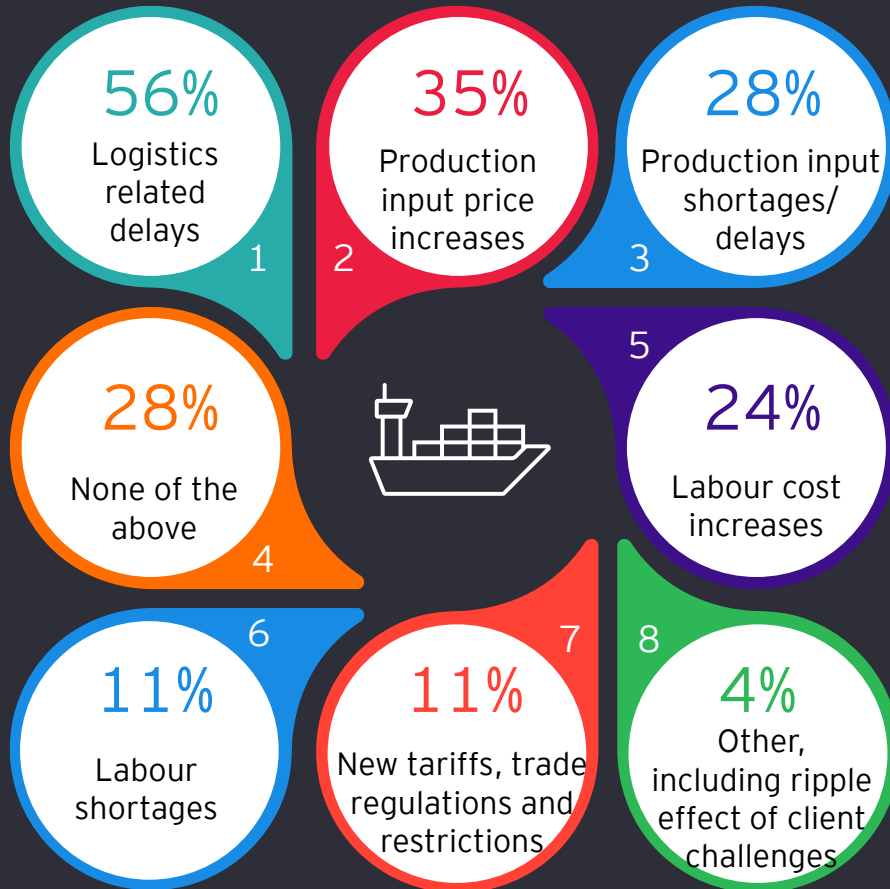
Of businesses relied heavily on foreign exchange



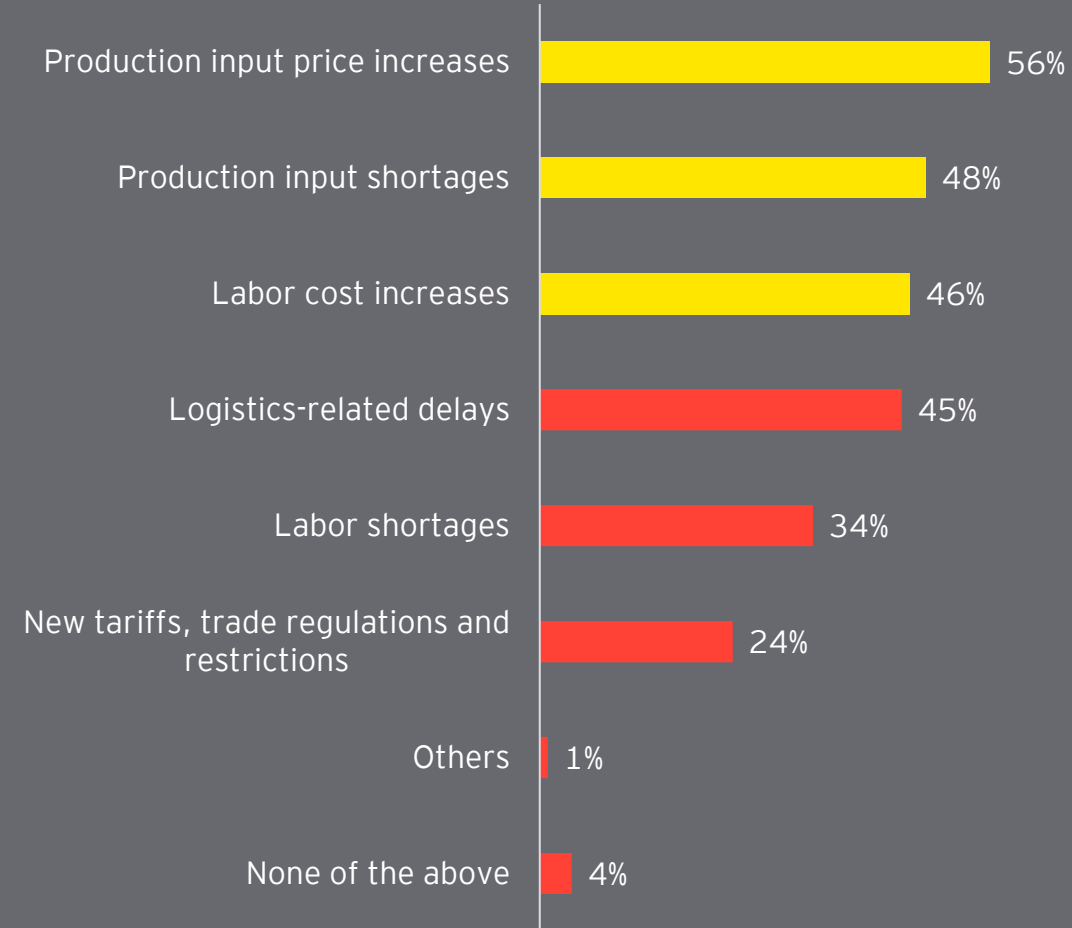
Logistics-related delays and increasing input costs have been a major source of supply chain disruptions for local organizations

31

In the past twelve months, has your organization's operations/ supply chain experienced significant disruption from any of the following factors?



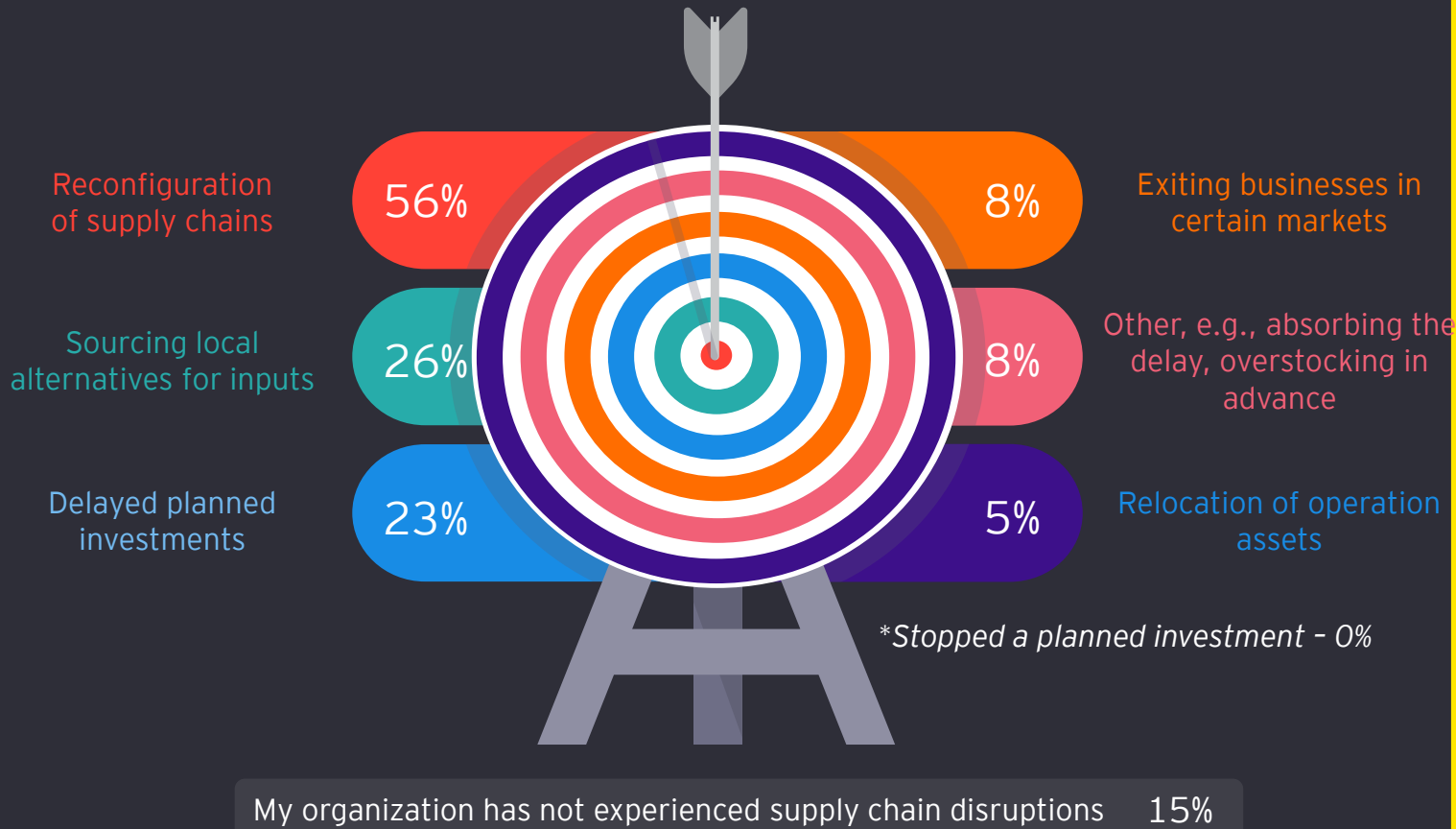
Global perspective



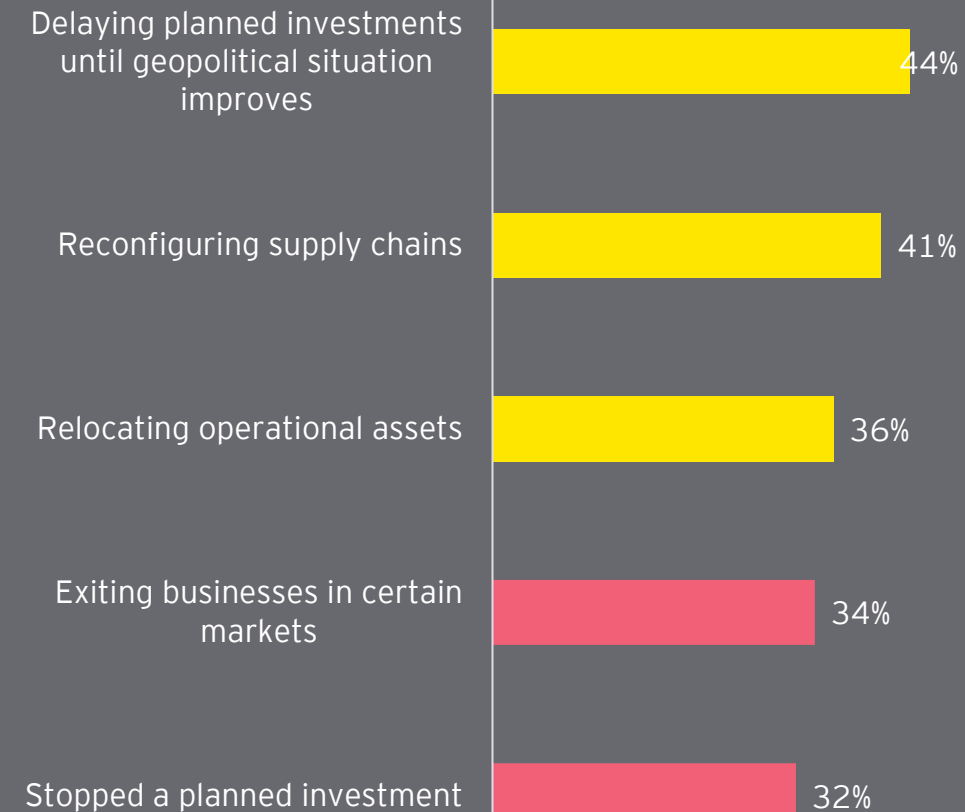
CEOs are reconfiguring their supply chains and sourcing local alternatives to combat the impact of disruptions

32

If your organization has experienced supply chain disruptions as indicated in the previous question, what actions are you taking in response?



Global perspective

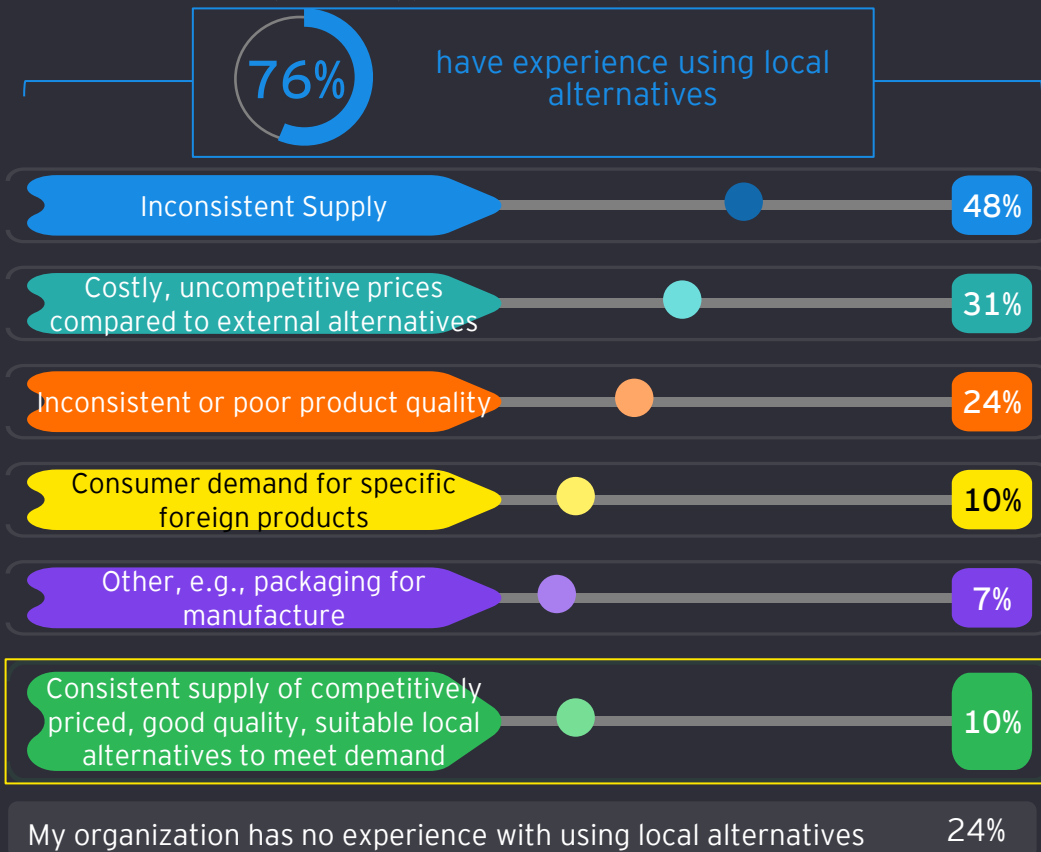


Inconsistent supply and uncompetitive prices hinder companies from using local alternatives to fulfil their supply

33

If your organization has experience with using local alternatives to meet your supply requirements, what has your experience been with local supplier arrangements?

Of the 54% that responded 'applicable' to this question....

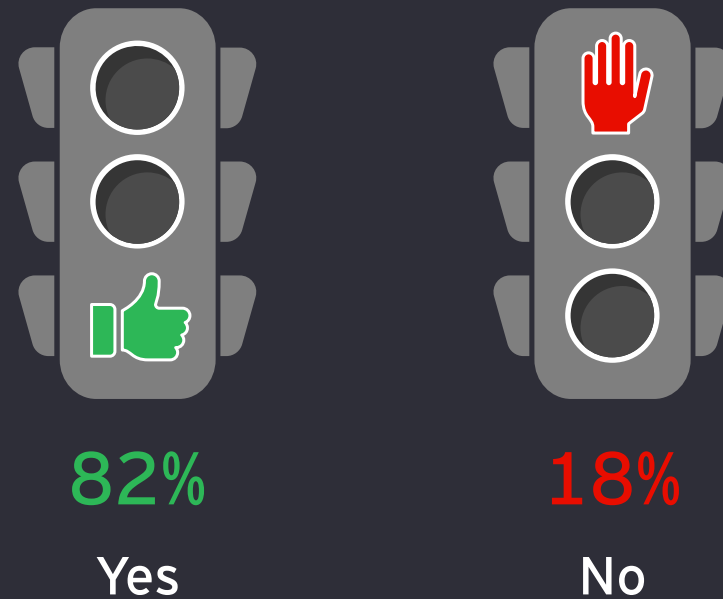


*46% of survey respondents answered 'not applicable' to this question


34

If your company operates in the manufacturing sector, would you be open to expanding manufacturing capabilities or offerings to provide goods in the local market that have otherwise been challenging or costly to import?

Of those that responded....

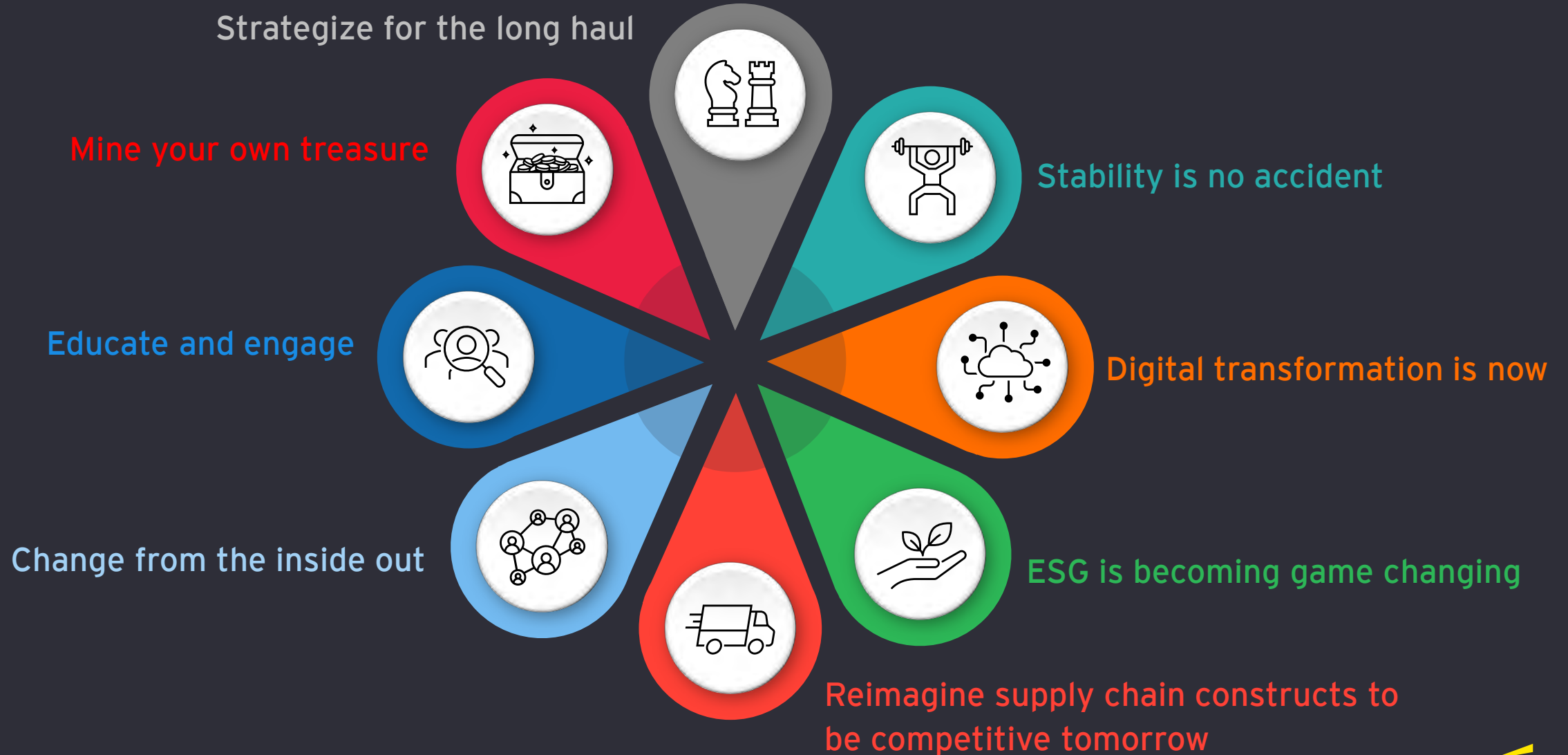


*This question was only answered by the 20% of respondents who operate in the manufacturing sector



Recalibrate and Refresh

Recalibrate and refresh - Key takeaways



Reach out to our team with any questions

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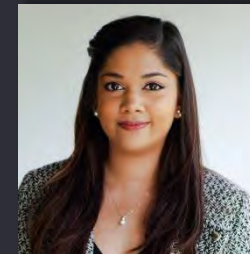
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